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SYSTEM OF CONSULTATIONS

## Consultations held in 1990 and first quarter of 1991 and plan for technical cooperation follow-up activities

Report by the Director-General

Summary

Submits to the Board for examination and approval the conclusions and recommendations of two Consultations held in 1990/1991 on industrial rehabilitation/restructuring with special focus on food-processing in Africa, and on the wood and wood products industry. An annex provides a plan of follow-up action to those Consultations for technical cooperation activities.

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### Introduction

1. The present document is submitted to the Board in accordance with resolution GC.3/Res.2 adopted by the General Conference at its third session and specifically paragraph 7 in which the Director-General was requested to present to the Board the conclusions and recommendations of each Consultation for examination and approval together with a plan for technical cooperation follow-up activities for guidance.

### I. CONSULTATIONS HELD IN 1990 AND FIRST QUARTER OF 1991

2. A number of Consultations, follow-up activities, preparatory meetings and other related activities originally scheduled for 1990 had to be postponed either because of financial constraints or because of the situation in the Gulf. The regional Consultation on the petrochemical industry in the Arab countries scheduled for late 1990 had to be postponed until 1992, while the Consultation on Wood and Wood Products took place from 21 to 25 January 1991, instead of December 1990. The Consultation on Building Materials was also postponed from 1990 to the last quarter of 1991.

3. A brief summary is given below of the two Consultations held since the sixth session of the Board.

#### Regional Consultation on Industrial Rehabilitation/Restructuring with Special Focus on the Food-Processing Subsector in Africa

4. The report of the Consultation, which was held in Vienna, Austria, from 12 to 16 November 1990, is contained in document ID/373. The Consultation emphasized the central role played by food-processing industries in the economic and social development of the African region, and in that context the effective implementation of rehabilitation and restructuring programmes and projects was considered essential. UNIDO was called upon to help African countries to draw up strategies and plans for the rehabilitation of enterprises, and recommendations were addressed to the Governments concerned to consider the rehabilitation and restructuring of ailing industries as an integral part of their national industrial development policies and to give priority to the consolidation of the existing industrial fabric. The formulation of coherent and enduring rules for investments in private and public enterprises was considered indispensable to

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encourage private initiative in that field. In order to ensure the long-term viability and profitability of the African food-processing industries concrete measures were proposed, among others: to establish appropriate mechanisms in African countries to bridge the growing gaps between research and development capabilities and the technological needs of the food-processing industry; to use proven and well-tested technology adapted to local conditions for rehabilitating projects; and to fund projects through development finance institutions in order to ensure the completion of the projects and to attain their planned production and economic objectives. In particular, the Consultation recommended earmarking resources for working capital and its foreign exchange component at preferential interest rates.

5. The Consultation stressed the importance of management, particularly for public enterprises. For top managers as well as middle managers continuous training should be provided in the theory as well as in the practice of appropriate management techniques. The Consultation recognized that the rehabilitation of food-processing industries in Africa offered a wide range of opportunities for cooperation between African countries and industrialized countries, notably at the enterprise-to-enterprise level. It was felt that such opportunities should be used to introduce technology, machinery and equipment adapted to African values, concepts and ideas. The international organizations concerned with multilateral assistance for the implementation of structural adjustment programmes in Africa were also called upon to consider the need of African States to develop and/or improve their physical infrastructure. The rational allocation of resources for this purpose would contribute to the integration of agriculture and industry.

Second Consultation on the Wood and Wood Products Industry

6. The report of the Consultation, which was held in Vienna, Austria, from 21 to 25 January 1991, is contained in document ID/374. The Consultation underlined the importance of secondary wood-processing industries in the overall economy of developing countries as a source of value-added earnings and foreign exchange from the export of processed wood products. However, as the exploitation of forests for the production of industrial timber can contribute to deforestation and ecological damage, the Consultation urged that proper management of the natural forests as well as expansion of plantations should be part of national policies aimed at the development of the wood industry sector.

7. A comprehensive set of recommendations was adopted for mobilizing international cooperation, financing and marketing. UNIDO was requested to implement an operational plan of action based on those recommendations and an immediate follow-up was called for including the conduct of pilot projects or pilot demonstrations in developing countries. Recommendations were made for greater utilization of wood in housing and construction in order to decrease dependence on imported building materials and for the production of furniture at international standards for export markets. The implementation of these two recommendations requires, however, appropriate government support through adequate legislation and the creation of a suitable infrastructure including a favourable investment climate and market promotion instruments. UNIDO and other international organizations were requested to continue to assist developing countries in the development of integrated industrialization programmes in the wood sector, and in particular the promotion of the secondary wood-processing industry.

## II. PLAN OF ACTION FOR TECHNICAL COOPERATION ACTIVITIES

8. The UNIDO Advisory Committees concerned with each of the two Consultations mentioned above have elaborated plans of follow-up action listing follow-up activities mostly oriented towards technical cooperation and policy advice. The plans identify main and supporting responsibilities for the implementation of the recommendations, indicating the in-house responsibilities as well as those organizational units in the Secretariat which are to exercise lead and support functions. The plans for each of the Consultations appear in the attached annex in tabular form. They provide the context whereby UNIDO could enhance its technical and promotional activities on the basis of the conclusions and recommendations of the two Consultations.

## III. ACTION REQUIRED OF THE BOARD

9. The Board is invited to examine and approve the conclusions and recommendations of the Consultations held during 1990 and the first quarter of 1991, which are contained in documents ID/373 and ID/374, and to provide guidance on the plans of follow-up action contained in the annex to the present document.

Annex

PLAN OF FOLLOW-UP ACTION

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| Abbreviations | | 3 |
| Table 1 | Regional Consultation on Industrial Rehabilitation/ Restructuring with special focus on the Food-Processing Industry in Africa | 4 |
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Explanatory note

The main features of the recommendations as they appear in the reports of the Consultations (documents ID/373 and ID/374) have been summarized briefly in the left column of the tables. The next column lists organizations to whom the recommendations are addressed. In the last column, entitled "In-house responsibility", the units in the UNIDO Secretariat having the lead responsibility for initiation of activities have been indicated, as well as those having a supporting function. It is to be understood that the proposed programmes and projects would be carried out subject to availability of funds and, in the case of technical cooperation projects, receipt of an official request from the Government.

Abbreviations

| | |
|---|---|
| ADB | African Development Bank |
| AGRO | Agro-based Industries Branch |
| AREA | Area Programmes Division |
| CIBW18B | International Council for Building Research Studies and Documentation Working Commission 18B - Tropical and Hardwood Timber Stuctures |
| CLAS | Commercially less-accepted species |
| CONSULT | System of Consultations Division |
| COOP | Industrial Co-operation Branch |
| CSIRO | Commonwealth Scientific Industrial Research Organization |
| ECA | Economic Commission for Africa |
| EGM | Expert group meeting |
| ENG | Engineering Industries Branch |
| ENV | Environment Co-ordination Unit |
| EPL | Department of External Relations, Public Information, Language and Documentation Services |
| FAO | Food and Agriculture Organization of the United Nations |
| Habitat | United Nations Centre for Human Settlements |
| ICFM | Industrial Co-operation and Funds Mobilization Division |
| IFC | International Finance Corporation |
| IHRD | Industrial Human Resource Development Branch |
| II | Industrial Investment Division |
| IIS | Industrial Institutions and Services Division |
| IMR | Industrial Management and Rehabilitation Branch |
| INFR | Institutional Infrastructure Branch |
| IO | Department of Industrial Operations |
| IO/I | Industrial Operations Technology Division |
| IPCT | Department for Industrial Promotion, Consultations and Technology |
| IPP | Industrial Policy and Perspectives Division |
| ISO | International Standards Organization |
| ITC | International Trade Centre UNCTAD/GATT |
| ITTO | International Tropic Timber Organization |
| IUFRO | International Union of Forestry Research Organizations |
| NGO | Section for Co-operation with Non-governmental Organizations |
| OS | Industrial Operations Support Division |
| PDS | Programme Support Unit |
| PPD | Department for Programme and Project Development |
| PLAN | Industrial Planning Branch |
| PRC | Project Review Committee |
| REG | Regional and Country Studies Branch |
| R&D | research and development |
| SMA | Special Measures and Activities Division |
| SMI | small- and medium-scale industries |
| STF | Special Trust Fund Projects Section |
| TD | Industrial Technology Development Division |
| TFAP | Tropical Forest Action Plan |
| TP | Industrial Technology Promotion Division |
| TP/INF | Industrial and Technological Information Section |
| UNCTAD | United Nations Conference on Trade and Development |
| UNEP | United Nations Environment Programme |

Table 1

PLAN OF FOLLOW-UP ACTION*

REGIONAL CONSULTATION ON INDUSTRIAL REHABILITATION/RESTRUCTURING WITH SPECIAL FOCUS ON THE FOOD-PROCESSING SUBSECTOR IN AFRICA
(Vienna, Austria, 12-16 November 1990)

ISSUE 1: Measures for the rehabilitation of enterprises in the food-processing subsector in Africa

| RECOMMENDATIONS | | FOLLOW-UP ACTIVITIES | |
|---|---|---|---|
| Main Features | Addressed to | Action required | In-house responsibility |
| (a) Setting up of conditions and criteria for successful rehabilitation and sustainable operation of African food-processing enterprises | Governments and industry | Advice on policy and development of rehabilitation programme | Lead Unit: PPD/AREA<br>Supporting Units: PPD/IPP/REG, IO/IIS/PLAN |
| (b) Assessment of needs and policies for Human Resource Development | Governments, industry, training institutions | Development of training programmes for staff at all levels | Lead Unit: PPD/AREA<br>Supporting Unit: IO/OS/IHRD |
| (c) Identification of technologies suitable to African conditions; establishment of mechanism for their diffusion through possible partnership arrangements | Governments, industry, UNIDO | Expert group meeting to exchange substantive views and experiences to promote North-South and South-South cooperation | Lead Units: IPCT/CONSULT, IPCT/TP<br>Supporting Units: IO/T/AGRO, IO/IIS/IMR |
| (d) Establishment of a data bank on sources of production equipment and machinery for the food-processing subsector | UNIDO | Update data bank with emphasis on food technology and equipment | Lead Unit: IPCT/TP/INF<br>Supporting Unit: IO/T/AGRO |

* The present Plan of follow-up action should be considered in conjunction with the Report of the Consultation (document ID/373). It should be noted that the Advisory Committee on the Industrial Rehabilitation/Restructuring is the mechanism for monitoring the implementation of the Plan of follow-up action. Follow-up activities are mostly oriented towards technical cooperation and policy advice.

Table 1 (continued)

ISSUE 2: National policies and support action for industrial restructuring for the long-term profitability of the food-processing industry: international cooperation and financing for industrial restructuring in Africa

| RECOMMENDATIONS | | FOLLOW-UP ACTIVITIES | |
|---|---|---|---|
| Main Features | Addressed to | Action required | In-house responsibility |
| (a) Improvement or creation of proper economic climate conducive to encouraging private investment from local as well as foreign sources | Governments and industry | Improvement and/or re-orientation of investment policies adapted to each country's environment | Lead Unit: PPD/AREA<br>Supporting Unit: IO/IIS/PLAN |
| (b) Strengthening/establishing link between Government, industry and research institutions for technology development and transfer to meet technological requirements of the food-processing subsector | Governments, industry and research institutions | Creation and/or strengthening of national research institutions linked to industry. Training of national staff | Lead Unit: PPD/AREA<br>Supporting Units: IO/IIS/INFR, IO/OS/IHRD |
| (c) Innovative financing schemes to acquire, on bilateral or multilateral basis, the required technological options for machinery and equipment | Governments, regional banks, UNIDO, IFC, World Bank, donor countries, etc. | Mobilization of funds through the support of financial institutions and other donors | Lead Unit: IPCT/II<br>Supporting Units: PPD/ICFM/PRC, PPD/ICFM/COOP/STF |
| (d) Provision of adequate and sufficient funds by development finance institutions/commercial banks to ensure successful rehabilitation programmes | Governments, regional banks, commercial banks and World Bank | Governments to investigate the best possible solutions for meeting their requirements. UNIDO should play a catalytic role | Lead Unit: PPD/ICFM/COOP/STF |
| (e) Formulation of strategies and policies for the rehabilitation of food-processing enterprises | Governments, ECA, UNIDO, donor countries | Development of programmes and projects of technical co-operation supported by studies on request and organization of EGMs | Lead Unit: PPD/AREA<br>Supporting Units: PPD/IPP/REG, IPCT/CONSULT |
| (f) Access to regional and international markets by export-oriented food-processing industries | Governments, ITC, UNCTAD | UNIDO to sensitize ITC and UNCTAD in market studies and export promotion | Lead Unit: EPL/Geneva Liaison Office |

Table 1 (continued)

| RECOMMENDATIONS | | FOLLOW-UP ACTIVITIES | |
|---|---|---|---|
| Main Features | Addressed to | Action required | In-house responsibility |
| (g) Support to the agriculture/industry dynamic through the improvement of African physical infrastructure | Governments, ADB and World Bank | Opening the access between rural and urban areas in African countries | Lead Unit: PPD/AREA<br>Supporting Unit: IO/IIS/INFR |
| (h) Dissemination of data on suppliers of technology, machinery and equipment for the food-processing subsector | UNIDO | Provide required information to Governments, industries, research institutions in African countries | Lead Unit: IPCT/TP/INF |

Table 2

PLAN OF FOLLOW-UP ACTION*

SECOND CONSULTATION ON THE WOOD AND WOOD PRODUCTS INDUSTRY
(Vienna, Austria, 21-25 January 1991)

ISSUE 1: Measures to strengthen an environmentally sound sustainable supply of timber resources

| RECOMMENDATIONS | | FOLLOW-UP ACTIVITIES | |
|---|---|---|---|
| Main Features | Addressed to | Action required | In-house responsibility |
| (a) Land use policies concerning conversion of forests in conformance with overall national interest | Governments, FAO | Assistance/advice on request | Lead Unit: None<br>Other UN organizations: FAO |
| (b) Forest management plans under TFAP framework. Secondary wood processing industries matched to the supply of timber resources | Governments, UNIDO, FAO | Assistance/advice on request. Participation of technical staff in meetings of TFAP and ITTO to be funded for a 3-year period | Lead Unit: IO/IIS/IMR<br>Support Unit: IPCT/CONSULT |
| (c) Importance of fora such as ITTO for formulation of common plans of action | UNIDO, FAO | UNIDO to participate in international forums to formulate plans of action and projects | Lead Unit: IO/IIS/IMR<br>Support Unit: IPCT/CONSULT |

* The present Plan of follow-up action should be considered in conjunction with the Report of the Consultation (document ID/374). It should be noted that the Advisory Committee on Wood and Wood Products is the mechanism responsible for monitoring the implementation of the Plan of follow-up action. Follow-up activities are mostly oriented towards technical cooperation and policy advice.

Table 2 (continued)

| RECOMMENDATIONS | | FOLLOW-UP ACTIVITIES | |
|---|---|---|---|
| Main Features | Addressed to | Action required | In-house responsibility |
| (d) Promotion of international trade through market information, marketing studies and training in marketing | UN regional commissions, ITC, FAO | UNIDO to continue to cooperate with ITC and to carry out an analysis relating to international trade and marketing of products | Lead Unit: PPD/IPP<br>Support Unit: IPCT/CONSULT |
| (e) Studies on wood product end-uses and markets | UNIDO and other international organizations | UNIDO to cooperate in drawing up terms of reference/carrying out the studies | Lead Unit: PPD/IPP<br>Support Unit: IPCT/CONSULT |
| (f) More efficient utilization of wood through waste-reducing and recycling measures | UNIDO and other international organizations | UNIDO to cooperate in preparing plan for waste reduction and recycling. Overall consideration of efficiency in shuttering and temporary structure works. Distribution of existing information. On-site practice | Lead Unit: IO/IIS/IMR<br>Support Unit: PPD/SMA/ENV |
| (g) More efficient use of fuelwood and other energy resources | FAO in cooperation with UNIDO and other international organizations | UNIDO to provide assistance and advice on request on efficient use of fuelwood and other energy resources in industrial processes | Lead Unit: IO/T/ENG<br>Support Units: IO/OS/IHRD, IPCT/TP, IPCT/TD |

Table 2 (continued)

ISSUE 2: Greater utilization, on a sustainable basis, of wood including commercially less-accepted species and plantation species as a source of indigenous building material in housing and construction

| RECOMMENDATIONS | | FOLLOW-UP ACTIVITIES | |
|---|---|---|---|
| Main Features | Addressed to | Action required | In-house responsibility |
| (a) Increased use of CLAS and plantation species | Governments and international organizations and Habitat | Setting up market info services. Formulation of market studies and surveys on housing needs | None<br>Other UN organizations: ITC, Habitat |
| i. Improved information on CLAS and plantation species in construction | UNIDO, international organizations and research institutes | UNIDO to prepare guidelines and assist in dissemination of tech. information; to continue and increase holding of technical seminars. Co-operation with CSIRO in finding funding to reprint and distribute their reference publications work on CLAS including diskettes on properties and names | Lead Unit: IO/IIS/IMR |
| ii. Wood construction standards/codes including grading, dimensioning, preservation and fire safety | UNIDO, national standard organizations and ISO | UNIDO to draw attention to the need for and assist in formulation of standards/codes and their diffusion by seminars/courses | Lead Unit: IO/IIS/IMR |
| (b) Associate the private sector in demonstration projects | Governments | UNIDO to promote and provide assistance and advice on request | Lead Unit: PPD/ICFM<br>Support Unit: IO/IIS/IMR |

Table 2 (continued)

| RECOMMENDATIONS | | FOLLOW-UP ACTIVITIES | |
|---|---|---|---|
| Main Features | Addressed to | Action required | In-house responsibility |
| (c) Legislation for promoting use of CLAS and plantation species in housing and construction | Governments | UNIDO to promote and provide assistance and advice on request | Lead Unit: IO/IIS/IMR |
| (d) Research programmes for greater use of wood in construction | Governments and international organizations | UNIDO to provide support followed by effective dissemination | Lead Unit: IO/IIS/IMR |
| (e) Twinning arrangements between institutions | Governments and international organizations | UNIDO/IUFRO to expand data banks and disseminate information and to support CIBW18B involvement | Lead Unit: IO/IIS/IMR |
| (f) Networking for transfer of technology in particular in conversion and use of rubberwood, coconutwood and bamboo in construction | Governments, international organizations and industry | UNIDO, Habitat, FAO, IUFRO, CIB to gather information available and disseminate it | Lead Unit: IO/IIS/IMR<br>Support Units: IPCT/TP, IPCT/TD |
| (g) Building standards, building components and structures | International organizations | UNIDO and other int'l organizations such as CIB to publish manuals and other training material and to organize workshops for civil engineers and architects | Lead Unit: IO/IIS/IMR<br>Support Units: IO/OS/IHRD, IPCT/CONSULT |

Table 2 (continued)

ISSUE 3: Prerequisites for the integrated development of the secondary wood-processing industry

| RECOMMENDATIONS | | FOLLOW-UP ACTIVITIES | |
|---|---|---|---|
| Main Features | Addressed to | Action required | In-house responsibility |
| (a) Development of integrated industrialization programmes | Governments and international organizations | FAO/UNIDO to promote and provide assistance and advice on request | Lead Unit: PPD/SMA/PDS |
| (b) Importance of environmentally sound techniques | Governments | UNIDO/UNEP to promote and provide assistance and advice | Lead Unit: PPD/SMA/ENV |
| (c) Establishment of productivity centres. Setting up pilot units | Governments and international organizations | UNIDO to promote and provide assistance and advice on request | Lead Unit: IO/IIS/IMR |
| (d) CLAS to be included in forest inventories | Governments | Assistance and advice on request | Lead Unit: None<br>Other UN organizations: FAO |
| (e) Training of trainers, wood specialists and managers | Governments and international organizations | UNIDO to assist in formulation, promotion and implementation of training programmes | Lead Unit: IO/IIS/IMR<br>Support Unit: IO/OS/IHRD |
| (f) Information on training programmes and training audio-visual resources | International organizations | UNIDO to establish and update info on training in wood industry and audio-visual material | Lead Unit: IO/IIS/IMR<br>Support Unit: IO/OS/IHRD |
| (g) Production of audio-visual training material | International organizations | UNIDO to coordinate with R&D and training centres in developed and developing countries to produce and distribute audio-visual training material | Lead Unit: IO/IIS/IMR |

Table 2 (continued)

| RECOMMENDATIONS | | FOLLOW-UP ACTIVITIES | |
|---|---|---|---|
| Main Features | Addressed to | Action required | In-house responsibility |
| (h) Development of standards for wood products and introduction of quality labels | National standard institutes | UNIDO in cooperation with ISO and ITC to provide assistance and advice on request | Lead Unit: IO/IIS/IMR |
| (i) Industrialists to participate in the work of the shippers councils | National industry | Promotional work | Lead Unit: None<br>Other UN organizations: UNCTAD |
| (j) Information on investment conditions at country level | UNIDO | UNIDO to set up info from its data base | Lead Unit: IPCT/II |
| (k) Establishment of mutual guarantee funds for SMI and of credits for pilot operations | UNIDO and international financial agencies | UNIDO to study possibilities | Lead Unit: IPCT/II |
| (l) Intensification of partnership programmes and support campaign for foreign investment | UNIDO | UNIDO to develop model programmes of partnership and to promote and circulate them | Lead Unit: IPCT/II<br>Support Unit: PPD/NGO |
| (m) Promotion of legislation and industrial environment favourable to investments | Governments | UNIDO to advise on investment measures | Lead Unit: IPCT/II |